

Situations

1. Employees working under 30 hours per week are NOT eligible to apply for LTD coverage, but may apply within 31 days of when work hours increase to 30 or more hours per week.
2. Employees on leave without pay must continue to pay their monthly LTD premium by personal check to their agency payroll office.
3. Changing from nonvested to vested status greatly affects the amount of an employee's LTD premium. Because there are no automatic "flags" in the payroll system to alert payroll and personnel administrators of such a change, employees must be aware that they are required to submit a new LTD Enrollment & Change Form to authorize the change in their payroll deduction for LTD.
4. LTD insurance ends when an employee terminates. The premium should not be deducted from the final check.

Claim Processing

Coordinate with Standard. The STD claim form is also used for LTD.

LTD Benefit Check

All LTD checks are sent to the employee's home address.

Conversions

LTD insurance ends when an employee terminates. Employees wanting to continue coverage can apply for a conversion policy by calling Standard at 1-800-368-1135. The employee must have been enrolled for 12 months or more in order to be eligible for a conversion plan.

Questions & Answers

LTD1 Who is eligible for LTD coverage?

Everyone who is eligible for short-term disability, plus all judges within the state system, are eligible to apply for long-term disability. If you work less than thirty hours per week, you are not eligible to apply for this coverage.

LTD2 When will I be eligible for LTD benefits?

Your LTD benefit, which is also designed to replace 60% of your pay, will begin on the later of the 181st day of your disability.

LTD3 When do LTD benefits end?

Benefits end when you recover, or reach age 65 (whichever is earlier). Payments may extend beyond age 65 if your disability begins after you reach age 62.

- **Mental Disorder Limitation:** Payment for LTD benefits are limited to 18 months for each period of disability caused or contributed to by a mental disorder. If you are confined (at the end of this 18 month period), benefits may continue based on the review and approval of the LTD insurance carrier.
- **Other Limitations:** Payment of LTD benefits are limited to 18 months during a claimant's lifetime for a disability caused or contributed to by any of the following:
 - Musculoskeletal or connective tissue disorder (e.g., backaches, carpal tunnel syndrome)
 - Chronic fatigue conditions
 - Alcohol use, alcoholism, or drug use
 - Chemical or environmental sensitivities
- **Mandatory Rehabilitation.** No benefits are paid for any period of disability when you are not participating in good faith in a plan, program or course of medical treatment or vocational training or education approved by Standard unless your disability prevents you from participating.

LTD4 Is LTD leave available to protect my employment while I am on LTD?

LTD does not provide any leave benefits. Therefore, the state share of benefits is not provided while on LTD.

LTD5 Do I pay the premiums for LTD coverage?

Yes. Employees pay for LTD coverage.

LTD6 How can I continue my state medical, dental, and health care FSA coverage while I am on LTD? Will the state continue to pay the state contribution?

You can continue your medical, dental, and health care FSA coverage through COBRA for 18 months, or 29 months if you meet the Social Security, PERA or Standard Insurance Co. definition of total disability prior to the start of COBRA. The premium for COBRA is the total premium (the employee share plus the state contribution) plus a 2% administrative fee. The state does not contribute to COBRA coverage.

If you meet the definition of disability, you are eligible for 29 months of COBRA. For the last 11 months of COBRA, the premium is the employee share, the state contribution, and a 50% administrative fee.

You may convert your life and LTD insurance coverages to individual policies. Contact the appropriate carriers for further conversion information.

LTD7 Are LTD benefits considered to be taxable income?

Generally, LTD benefits from an employee-paid plan are not taxable as income to the employee. However, since the state's plan was employer-paid during 1996 and 1997, it is possible that a portion of an employee's LTD benefit would be considered taxable income if they become disabled. This portion would depend on when the disability occurred and how long the employee had been insured under the state's plan. The IRS uses a "three-year look-back rule" to determine what portion is taxable and is based on full contract years, not partial years. In other words, if an employee became disabled in 1998, the IRS would use the years 1995, 1996, and 1997 to determine the portion of benefits which would be taxable. Tax laws are complicated. You may wish to contact a tax advisor or the IRS to determine if LTD benefits would be taxable.

LTD8 I have been employed with the state for five years and will be vested this month. How do I change my LTD monthly premium from the non-vested rate to the vested rate structure and when will the new premium become effective?

You must submit a Long-Term Disability Enrollment & Change Form indicating that you are now vested. Submit this form to your agency payroll or personnel administrator. Your status will be changed to vested for calculating LTD premiums. Your new vested status LTD payroll deduction begins the month you become vested for the next month's premium if the enrollment form is received by the 10th of the month you are vested.

LTD9 I've been employed with the state for more than five years. Why should I apply for LTD since I'm vested with PERA?

- The PERA income replacement percentage reduces from 60% to 50% for disability retirement. The LTD income replacement percentage of 60% continues through disability retirement payable to age 65 (or longer if your disability begins after you reach age 62).
- PERA earnings definition includes a reduction for Section 125 contributions, thereby lowering net income replacement. LTD does not reduce for Section 125 contributions.
- PERA earnings definition is an average salary of the previous 12 months. LTD defines earnings as the monthly salary on the date of disability.
- LTD premiums are made on an after-tax basis. No taxes are deducted from your benefits. PERA benefits are taxable.
- LTD provides a minimum benefit of \$100 per month.
- By purchasing Group LTD insurance, you can have the peace of mind that comes from knowing that a portion of your income will be protected from disability.